

MEMORANDUM FOR THE RECORD

To: All Distinguished Utah State Senators Date: February 28, 2014

From: Jim Bailey, Ph.D., Lew Burnham, and Deena King - Task force composed of members of The Institute of Internal Auditors, Salt Lake City Chapter (for credentials, see p. 2)

Subject: Support for First Substitute S.B. 93 with Amendments 1 through 5

CC: Senator Howard Stephenson; John Dougall, Utah State Auditor

We would like to go on record as fully supporting First Substitute S.B. 93 Internal Audit Amendments with all the related Senate Committee and Floor Amendments 1 through 5.

We believe this bill with its amendments will substantially improve internal audit programs in state government and local school districts. This bill will provide the following benefits for taxpayers of the State of Utah:

1. Requiring the establishment of local school board audit committees and internal audit programs will improve the fiscal transparency and accountability of school districts, as well as improve school district effectiveness and efficiency.
2. Requiring internal audit programs to be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Government Auditing Standards, as proposed by Senate Floor Amendment 5, will improve the quality of internal audits. This will provide better information that can be used to improve the effectiveness and efficiency of government operations.
3. Establishing the Governor's Office of Internal Audit Services will provide internal audit services to government programs which currently do not have internal audit programs. Information provided by effective internal audit reports could be used to improve the effectiveness and efficiency of these government operations.

We believe the legislation could be further improved by requiring audit committees for the Governor's Office of Internal Audit Services and for state agencies. This would help strengthen auditor independence. However, we realize this year's legislative timetable is a critical factor and auditor independence may need to be considered more thoroughly in a future legislative session. We hope to work in conjunction with the sponsor and legislators during the interim to assist with this matter.

In conclusion, we believe this bill provides substantial benefits to taxpayers of the state through the establishment of local school board audit committees and internal audit programs, as well as the establishment of the Governor's Office of Internal Audit Services. We also believe the quality of audits and information provided by these audits will improve because of Amendment 5's requirement for the use of the International Standards for the Professional Practice of Internal Auditing and the Government Auditing Standards.

We would like to thank those who participated in developing, supporting, and amending this proposed legislation and we hope it is successful.

For more information please contact:

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